



26 February 2009

Weakening pound aids rise in Guernsey bank deposits

Deposits held by banks in Guernsey increased by £20.7bn (15.2%) during the final quarter of last year in large part due to the weakening of sterling against the major trading currencies.

The rise took total Guernsey bank deposits to £157bn at the end of December 2008. This represents growth of £37.8bn (31.8%) year on year.

“Not unexpectedly the weakening of sterling, which declined 18% against the US Dollar, 17% against the Euro and 22% against the Swiss Franc, has contributed to a very substantial rise in the value of Guernsey bank deposits during the final quarter of 2008,” said Peter Niven, Chief Executive of Guernsey Finance.

“Underlying this we have seen a decrease in both US Dollar and Swiss Franc business, which in part reflects the reduced attractiveness of Swiss fiduciary deposits at low interest rate levels. However, it is very encouraging that we have seen volume increases in Euro and sterling business despite the extremely difficult market conditions during this period.”

Figures from the Guernsey Financial Services Commission (GFSC) show that underlying deposit business in US Dollars was down 8% and Swiss Francs down 14% but business in Euros was up 14.5% and sterling business was up some 3%.

Mr Niven added: "The figures for quarter four of 2008 are somewhat patchy and clearly there is no room for complacency but the figures do show a strong deposit base which we will be monitoring closely as we move through 2009. Our efforts will be targeted on delivering volume increases and not relying on currency fluctuations to achieve growth in our headline figures."

Release Ends